

# Realty Trust Review

Aug. 14, 1972

VOL. III, No. 15

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## BASIC POSITION OF GROUPS REVIEWED IN THIS ISSUE

Equity and mortgage combination trusts represent a relatively new form of trust as managers seek to invest the base of shareholders' equity into income producing properties and then make short-term mortgage loans with short-term borrowings. Some trusts (like First Union) use lending as a wedge, or feeder, to generate high quality equity investments. Others (like U.S. Realty) are essentially using their capital to obtain the highest possible return and creation of equity investments through such lending is a secondary goal. The group includes some of the oldest equity trusts now changing objectives and some very new trusts like U.S. Bancorp Realty and Indiana Mortgage.\* USF Investors thus far has confined investments to short-term loans with minimal equity investment. The concept of equity and mortgage combination trusts is just emerging. Whether this group can attain significant leverage in short-term borrowings is not fully tested, since the long-term equity investments have less liquidity than short-term mortgages. The group's 12 trusts are reviewed on p. 2 to 5.

Subordinated land trusts purchase the land beneath income producing properties and then lease it to the owner and operator of the building. Their position is akin to a preferred participating stock since their ownership is subordinate to a first mortgage but prior to the equity of the building owner. Trusts in this group have strong institutional ownership and two (ICM Realty, Property Capital) began life with private placements. Most share in the rental income of properties above scheduled rents. The group is a sophisticated play on the potential of overage rents and land value appreciation. Reviews of three land trusts are on page 6.

Intermediate-term mortgage trusts invest in a variety of mortgage and equity investments generally maturing in three to 10 years. Many serve specialty markets (e.g., Security in home improvement loans and medical facilities, Diversified in homesites). Each must be judged on its special position. Reviews are on pages 7 and 8.

With this issue REALTY TRUST REVIEW begins a new format designed to bring you current reviews on all investment-grade trusts every six months, as described in the accompanying letter. Reviews are being signed with initials of analysts preparing them (Bernard Solas, Victoria Kess, Kenneth Campbell) for your guidance. The reviews should be read in conjunction with the most recent statistical and market issue.

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY GROUP RATES ON REQUEST

FIRST UNION R.E. EQUITY & MTG. INV. (NYSE-FUR)  
Type: Equity & mtg. combination. FY ends Oct. 31

## RANKING

|             | Assets   | Equity  | Port. Yield | Equity Ret. |
|-------------|----------|---------|-------------|-------------|
| Rank        | NA       | NA      | NA          | NA          |
| Amt. (4/72) | \$112.45 | \$33.43 | 12.34%      | 10.53%      |

Founding: 1961 to acquire Union Commerce Bldg.

Sponsorship: Independent.

Investment objective: Invest in ownership in prime commercial real estate. Short-term mtg. loans used as lever to acquire equities.

Portfolio (4/72): Trust holds 8 office bldgs. w. 2.81M sf.; 4 shop. centrs. (two 50% owned) w. 2.19M sf., plus leases convert. to equities on Pontchartrain Hotel, Detroit, & 5 K-Mart Stores. Major holdings incl. Union Commerce Bldg., Cleveland (972T sf., \$25.5M cost to trust); 55 Public Square Bldg., Cleveland (436T sf., \$21.8M cost); One Oliver Plaza, Pittsburgh (585T sf., \$24.3M cost). Total trust investment \$117.99M, incl. \$50.67M cash over \$67.3M mtgs. Mtg. loan investment of \$17.83M at Oct '71 incl. loans convert. into 50% equities in two shop. centners., hotel.

Recent portfolio changes: Trust acquired 400T sf. Crossroads Shopping Center, St. Cloud, Minn. in May '72 for \$2.8M cash plus \$2.7M mtgs.

Capitalization (4/72): \$33.43M equity w. 3.597M sh. Debt incl. \$56.86M mtgs. on property, \$1.20M comcl. paper, \$19.57M 7% debent. convt. @ \$13/sh. Sh. reserved: 600T for wts. @ \$12.75 & 1.505M sh. for debent. conversion @ \$13./sh.

Recent financing: Sold \$20.0M 7% debentures w. 600T wts. thru Paine, Webber, Jackson & Curtis and McDonald & Co. Dec. 16, '71. Trust has \$10M credit line @ ¼% over prime and sells comcl. paper. No financings believed likely next 6 mon.

Investment adviser: Trust operates w. paid staff. Early in '72 formed First Union Management, Inc. to manage trust properties under net lease and engage in other activities not permitted for trust by IRS rules. The management co. operates for benefit of FUR shareholders.

Trustees & officers: James J. Nance, chrm. & pres. (former chrm., Central National Bank, Cleveland); Thomas J. Hartigan, exec. vice pres.-acquisitions.

Offices: 55 Public Square, Cleveland 44113. Phone: 216/781-4030.

Six Month Outlook: Long-term potentials in growth of portfolio and cash available for distribution. (KDC)

## FLATLEY REALTY INVESTORS (OTC)

Type: Equity & mtg. combination. FY ends June 30

## RANKING

|             | Assets   | Equity  | Port. Yield | Equity Ret. |
|-------------|----------|---------|-------------|-------------|
| Rank        | NA       | NA      | NA          | NA          |
| Amt. (6/72) | \$10.80M | \$8.98M | NR          | NR          |

Founding: Jan. 4, 1972 as a Mass. business trust.

Sponsorship: The Flatley Co., real estate development & mgmt. firm and a sole proprietorship of Thomas J. Flatley. Mr. Flatley is the sole shareholder of the trust adviser and Gibbs Mgmt. Corp., property manager.

Investment objective: Emphasize equity investments in income-producing properties in the form of full ownership. Also plans to make or participate in real estate loans.

Portfolio (6/72): \$9.65M net. Holdings 63% (\$6.1M) short-term constr. loans; 37% (\$3.56M) equities. Equity includes 2 apts. w. 187 units; land beneath one apt. w.

473 units. Trust has committed to buy 19,700 sf. comcl. bldg. for \$125T over \$200T mtg. & land beneath a 72 unit apt. complex for \$150T. Initial equities acquired from Mr. Flatley.

Capitalization (4/23/72): \$8.98M equity w. 1.00M shs. Debt: \$1.48M mtgs. Sh. reserved would add 100% to current outstanding sh. as follows: 1.0M wts. to buy 1 sh. @ \$10 thru May 30, '75 unless extended.

Recent financing: May 23, '72, on initial offering sold 840T units (one share, 1 warrant to buy a share at \$10) @ \$10/unit thru Clark, Dodge & H.C. Wainwright. Mr. Flatley received 160T sh. in exchange for properties.

Investment adviser: Flatley Advisory Corp. Fee based on sliding scale ranging from 0.5% of invested assets for ROE below 6% to 1.5% for ROE over 14%. Invested assets incl. net book value of equities & funded mtg. loans.

Trustees & officers: Thomas J. Flatley, pres. (after offering Mr. Flatley owns 16% of outstanding shares). Ralph A. Shea, sec. and asst. treas. of trust, exec. V.P. of adviser.

Offices: Mark 128 Office Park, 150 Wood Road, Braintree, Mass. 02184. Phone: 617/848-5420.

Six Month Outlook: Shares subject to normal risks until trust record emerges. (VK)

## FRANKLIN REALTY (ASE-FR)

Type: Equity & mtg. combination. FY ended June 30

## RANKING

|              | Assets   | Equity   | Port. Yield | Equity Ret. |
|--------------|----------|----------|-------------|-------------|
| Ranking      | NA       | NA       | NA          | NA          |
| Amt. (12/71) | \$37.08M | \$10.07M | 13.35%      | 11.66%      |

Founding: Oct. 19, 1961, amended Mr. 29, 1962, as a Penn. unincorp. assoc. in business trust.

Sponsorship: Independent. The trust is directly managed by its six trustees who are elected annually.

Investment objective: To acquire real estate for income. The trust has recently expanded into real estate development and mortgage lending.

Portfolio (12/71): \$34.79M net plus \$6.05M accum. depreciation. Holdings 99.5% (\$34.63M equities), 0.5% (\$0.16M first mtgs). Equity holdings include 13 office buildings, 5 apartments and 2 motels. In addition to \$3.4M mtg. loans already scheduled, another \$14.9M are under consideration.

Recent portfolio changes: (1) Purchase and leaseback of some 23 acres in Salt Lake City, Utah. Three apartment developments will be built for ownership by a Cleveland, O. investment group. Franklin will lease the land to the investors. (2) Petroleum Club Building, Tulsa, Okla. sold for expected gain about \$225T.

Capitalization (12/71): \$10.07M equity w. 0.992M sh. Debt: \$3.08M secured notes; \$18.36M first mtg. notes; \$5.16M 7% convt. sub. deb. convertible at \$10/sh. (sinking fund beginning Nov. 1, 1979). Sh. reserved: 516T for debentures.

Latest financing: Sold \$7.5M 7% debent. due 1989 thru Shearson, Hammill on Oct. 28, '69. Debent. convt. @ \$10/sh. No financings likely next 6 mon.

Investment adviser: Trust is run by its six trustees whose aggregate compensation cannot exceed 1/2 of 1% of the net assets of the Trust.

Trustees & Officers: Harold H. Gebert, chrm. & pres. (former v.p. of R.M. Shoemaker Co.).

Offices: Two Penn Center Plaza, Phila., Pa. 19102. Phone: 215/561-3737.

Six month outlook: Shares provide adequate current income (8.8%) plus longer term appreciation potential. (VK)

Abbreviations are used where possible to compress information and repetitive phrases. Most are self explanatory. The following are used:

|                        |                      |                      |                     |                      |
|------------------------|----------------------|----------------------|---------------------|----------------------|
| B-billion              | ROE-return on equity | constr.-construction | incl.-including     | sub.-subsidiary      |
| M-million              | FY-fiscal year       | convt.-convertible   | invest.-investments | subor.-subordinate   |
| T-thousand             | a/o-as of            | deprec.-depreciation | mtg.-mortgage       | 2nd-second or junior |
| EPS-Earnings per share | accum.-accumulated   | devel.-development   | sf.-square feet     | w.-with              |



INDIANA MORTGAGE & REALTY INVESTORS (OTC-INDMS)  
Type: Equity & mtg. combination. FY ends June 30

## RANKINGS

|             | Assets  | Equity  | Port. Yield | Equity Ret. |
|-------------|---------|---------|-------------|-------------|
| Ranking     | NA      | NA      | NA          | NA          |
| Amt. (6/72) | \$32.2M | \$21.18 | NR          | NR          |

Founding: May 10, 1972 as a Maryland trust.

Sponsorship: Commercial bank. Indiana National Corp., one-bank holding company for \$1.5B asset Indiana National Bank, Indiana's largest bank.

Investment objective: Initially will maintain a diversified portfolio. Intends future heavy concentration in equity interests in real estate and investment in long-term mortgage loans.

Portfolio (6/72): Initially funded \$32.2M of initial commitments of \$54.2M as follows: 52% (\$28.17M) constr. loans; 27% (\$14.56M) long term mtgs.; 11% (\$5.99M) equity; 10% (\$5.48M) land and other short term loans. Initial constr. loans bore avg. 8.41% interest and 8.79% for other short-term loans.

Capitalization: \$21.18M equity w. 1.15M shs. Sh. reserved: 575T for wts. Credit line of \$6.0M arranged from Ind. Nat. & \$5.0M from Md. Nat'l. Bank. Banks in Chicago, New York, Calif. and Indiana being approached for additional lines of credit.

Recent financing: Initial offering, June 29, '72 sold 1.10M units (1 share plus wt. to purchase 1/2 sh at \$20 per share) at \$20 per unit thru Dean Witter & Co. No future public financing expected in the next year.

Investment adviser: Indiana Mtg. Corp., wholly owned sub. of Indiana Nat. Fees: Advisory fee of 1.0% annually of avg. invested assets (incl. undisbursed closed loans), plus incentive fee of 10% of ROE over 8% & 10% of net realized capital gains. Also 25% of forfeited commitment fees. Charles W. Robertson, pres.

Trustees & officers: J. Fred Risk, chrm. (chrm. of Indiana National Corp.); Charles W. Robertson, pres. (pres. of Indiana Mtg. Corp.).

Offices: 10 Light St., Baltimore, Md. 21202. Phone: 301/539-7026. Adviser: One Indiana Square, Indianapolis, Ind. 46204. Phone: 317/263-5016.

Six month outlook: Sponsorship by a large commercial bank should aid leveraging potentials.

## INVESTORS REALTY TRUST (ASE-IRT)

Type: Equity & mtg. combination. FY ends Nov. 30

## RANKINGS

|             | Assets   | Equity   | Port. Yield | Equity Ret. |
|-------------|----------|----------|-------------|-------------|
| Rank        | NA       | NA       | NA          | NA          |
| Amt. (5/72) | \$49.18M | \$20.33M | 12.02%      | 9.63%       |

Founding: June '69 as a Tennessee real estate trust.

Sponsorship: Investors Realty Advisory Corp. is 80% owned by Crescent Properties Co., Nashville, Tenn. land development company, and 20% by Phipps Land Co., Inc. an affiliate of Bessemer Securities Corp. Phipps has an option to buy 20% more of adviser.

Investment Objective: Invest in equity ownership and first mortgage constr. loans. To a minor degree, may invest in first mtg. land loan and junior mtg. loans.

Portfolio (5/72): \$47.49M net plus \$1.17M accum. deprec. Holdings: 79.4% (\$37.73M) real est. inv.; 20.6% (\$9.76M) mtg. notes. Holdings incl. some 20 equity investment and 15 mtg. investments.

Recent portfolio changes: The following are recent equity investments: Riverview Shopping Center, Durham, N.C.; Whitehall Shopping Center, Columbia, S.C.; Spanish Quarter Apts., Montgomery, Ala. Recent mtg. investments incl.: residential subdivision, Lincolnshire, New Orleans; apartment constr. loan, Tucson, Ariz.; land loans in New Orleans and

Knoxville, Tenn.

Capitalization (5/72): \$20.33M equity w. 1.579 T sh. Debt: \$23.59M mgt. notes, \$4.92M notes payable. Lines of credit have been doubled to \$17.00M with a rate reduced by 1/2 of 1%. A public financing in the next 6 months appears possible but form is uncertain.

Investment adviser: Investors Realty Advisory Corp., 80% owned by Crescent Properties Co. and 20% by Phipps Land Co. Fee shall be 1% of invested assets up to \$100M; 0.9% of invested assets over \$100M but under \$200M; 0.8% of invested assets over \$200M.

Trustees & officers: Donald W. MacLeod, pres. (also pres. of Crescent Properties Co.)

Offices: Third National Bank Bldg., Nashville, Tenn. 37219. Phone: 615/259-2635.

Six Month Outlook: About \$6 to \$7M will be invested in mtg. and some \$4 to \$5M added to equity investments. Shares have longer term appreciation potential. (VK)

## LINCOLN MORTGAGE INVESTORS (OTC-LNMGS)

Type: Equity & mtg. combination. FY ends Mar. 31

## RANKING

|             | Assets   | Equity  | Port. Yield | Equity Ret. |
|-------------|----------|---------|-------------|-------------|
| Rank        | NA       | NA      | NA          | NA          |
| Amt. (3/72) | \$44.82M | \$9.01M | 12.03%      | 9.56%       |

Founding: May 28, 1969 as a California real estate trust.

Sponsorship: S&L holding company. First Lincoln Financial Corp., a diversified California holding company whose subsidiaries and affiliates include: Lincoln S & L, Lincoln Bank, Lincoln Mtg. Corp., Provident Investment Co., and Lincoln Title Co.

Investment objective: Bulk of assets are in first mtg. loans to provide liquidity. Remainder of assets in equity to produce yield and appreciation.

Portfolio (3/72): \$40.11 net plus \$0.22T accum. depreciation. Holdings 75.3% (\$30.38M) short term first mtg. loans; 24.2% (\$9.75M) real estate; 0.5% (\$0.20M) long term loan. Geographic location of holdings: 34.3% in Texas; Louisiana, 20.2%; Oklahoma, 17.2%; California 10.2%.

Loss reserve (3/72): \$73,000 or 0.01% of portfolio.

Recent portfolio changes: During fiscal 1972 Lincoln Mtg. added \$10.4M to its mtg. loan investment and bought 5 properties for \$9.7M. On June 30, 1972 Lincoln Mtg. bought a 148 unit apartment in Phoenix, Ariz. for \$2.50M (paid 25% cash, remainder mtgs.)

Capitalization (3/72): \$10.07M equity in 1.144M sh. Debt: \$10.63M 8% sub. deb. due 1990 convt. at \$11.00, \$6.87M mtgs. payable on properties. Sh. reserved: 963T for debentures. No new public financing is planned for 9-12 months and an equity form is likely (a debt-equity combination is possible).

Investment adviser: First Lincoln Management Corp., wholly-owned subsidiary of First Lincoln Financial Corp. Fee is at annual rates of: 1) 0.75% of invested assets below \$50.00M 2) 0.625% of invested assets from \$50.00M to \$75.00M 3) 0.50% of invested assets over \$75.00M. Closed but unfunded loans are included in the base.

Trustees and officers: Walter M. Sharp, chrm.; Owen H. Richelieu, Jr., pres. (also pres. Lincoln S & L). Clayton R. Cook, pres. of adviser.

Offices: 609 South Grand Avenue, Los Angeles, California 90017. Phone 213/680-0370. Adviser: same address.

Six Month Outlook: By Dec. '72 some \$21.00M will be added to mtg. loans while \$2.50M will be invested in equity (financed by 25% cash & 75% long-term mtg.). Dividends paid from cash flow. Shares have high yield and moderate appreciation potential. (VK)



## RIVIERE REALTY TRUST (OTC-RIVI6)

Type: Equity &amp; mtg. combination. FY ends Dec. 31

## RANKINGS

|             | Assets   | Equity  | Port.Yield | Equity Ret. |
|-------------|----------|---------|------------|-------------|
| Ranking     | NA       | NA      | NA         | NA          |
| Amt.(12/71) | \$16.34M | \$7.07M | 14.80%     | 8.39%       |

Founding: Oct. 17, 1963 as a District of Columbia real estate trust.

Sponsorship: Independent real estate company begun by Joseph D. Riviere and Eugene F. Ford, both members of the Advisory Board. Mr. Riviere is a controlling shareholder of trust adviser, J.D. Riviere & Co.

Investment objective: Invest in properties (new & improved) & make mtg. loans.

Portfolio(12/71): \$15.61M net plus \$1.73M accum. deprec. Holdings: 75.7% (\$11.81M) rental properties; 11.2% (\$1.75M) real estate; 7.0% (\$1.09M) shopping center under constr.; 6.1% (\$947T) lease-purchase contract. Investments concentrated in Washington, D.C. area but also located in 7 other states.

Recent portfolio changes: Invested \$950T with Redstone Devel. Corp. for development of second section of Loehman's Plaza Shopping Center, Falls Church, Va. Purchased 50% interest in 50T sf. office building in Louisville, Ky. for \$730T. Sale of two properties being negotiated & completion is anticipated by the end of August. Over the next 6 months, the trust plans to invest about \$2.0M mostly in equity and some in development for trust's account.

Capitalization (12/71): \$7.07M in 783T sh. Debt: \$8.02M mtg. notes payable; \$519T const. loan & notes payable; \$350T notes payable to bank; \$63T, 14% note payable.

Trust has \$1.5M line of credit which has not been used to date. An equity financing in next 6 mon. highly possible subject to market conditions.

Investment adviser: J.D. Riviere & Co. and an advisory board having these individual members: Joseph D. Riviere, Eugene F. Ford, John G. Mergner. The adviser is entitled as remuneration to commissions & fees at prevailing rates for real estate services.

Trustees & officers: Joseph D. Riviere, chrm. advisory board (pres. Riviere Co.); John F. McShea, exec. secretary.

Offices: 1832M St. N.W., Washington, D. C. 20036. Phone: 202/223-9090.

Six month outlook: Trust's small relative size limits longer term potentials.

## B.F. SAUL REAL ESTATE INVESTMENT TRUST (OTC-SAULS)

Type: Equity &amp; mtg. combination. FY ends Sept. 30

## RANKING

|            | Assets   | Equity  | Port. Yield | Equity Ret. |
|------------|----------|---------|-------------|-------------|
| Rank       | NA       | NA      | NA          | NA          |
| Amt.(3/72) | \$151.54 | \$64.14 | 14.59%      | 10.66%      |

Founding: July 31, 1962 in District of Columbia. Operations began early 1964.

Sponsorship: Independent-real estate company thru B.F. Saul Co., Washington real estate and mtg. company.

Investment objective: Hold diversified portfolio balanced between ownership of income properties & mtg. loans of all types (constr. & devel., 2nd mtgs., etc.). Shareholder equity invested in ownership positions.

Portfolio (3/72): Equity holdings \$64.01M after \$1.53M accum. deprec. Mtg. loans \$76.63M before loss reserve. Equities are 26% (\$16.6M net) in apts., 69% (\$43.7M net) in shop. centers, & 4% (\$2.8M) in land leasebacks. Mtg. loans are about 85% in constr. loans, mainly in the Washington, D. C. area.

Loss reserve (3/72): \$714T, or 0.93% of mtg. loans.

Recent portfolio changes: In Jan. '72 acquired Giant Food Properties (owner of 14 stores & shop. centers w. 1.84M sf.) in exchange for 1.2M Saul sh. GFP holdings had \$22.5M net book value. In May '72

trust foreclosed on \$4.375M constr. loan on Lexington Mall, Lexington, Ky. Court hearing on trust motion to sell property set Sept. 7, '72. On May 10, '72 acquired 400T sf. Thruway Shopping Center, Winston-Salem, N.C. for 100T sh. (value \$2.5M) plus \$2.75M in mtgs.

Capitalization (3/72): \$64.14M w. 5.185M sh. Debt: \$80.06M as follows: \$27.63M mtg. on properties; \$7.48M other notes; \$9.95M 8% subor. debent. convt. @ \$15.50; \$35.0M subor. debent. convt. @ \$23/sh. Sh. reserved: total 2.164M sh. for debent., 25T sh. for GFP holders.

Financings: Sold \$35.0M 6½% debent. convt. @ \$23 thru Clark, Dodge & Co. Feb. 2, '72. Proceeds to retire bank debt. No financings likely next 6 mon.

Earnings & accounting: Trust earnings of \$1.13/sh. primary for 9 mon. thru June 30 incl. \$0.08/sh. non-recurring income from revised treatment of overage income from GFP and Thruway Center.

Investment adviser: B.F. Saul Advisory Co. Fee: Sliding scale at annual rate of 0.5% if ROE on net invested assets below 6% to 1.5% if ROE over 14%. Net invested assets incl. real property cost after deprec., undisbursed portion of mtg. loans, govt. obligations at 50% of cost. Also 3% mgmt. fee for properties managed.

Trustees & officers: B. Francis Saul II, chrm. (pres. of adviser); Garland J. Bloom, fin. v.p.; Edmund B. Cronin, Jr., invest. v.p.; Charles H. Purcell, v.p.

Offices: 8401 Connecticut Ave., Chevy Chase, Md. 20015. Phone: 301/656-6000.

Six month outlook: Good longer-term capital gains potential based on seasoned realty growth record.(KDC)

## U.S. REALTY INVESTMENTS (ASE-UTY)

Type: Equity &amp; mtg. combination. FY ends Dec. 31.

## RANKINGS

|            | Assets   | Equity   | Port. Yield | Equity Ret. |
|------------|----------|----------|-------------|-------------|
| Ranking    | NA       | NA       | NA          | NA          |
| Amt.(3/72) | \$116.5M | \$25.59M | 13.0%       | 14.3%       |

Founding: March 20, 1961 as an Ohio real estate trust.

Sponsorship: Independent.

Investment objective: Equity is primary but short-term mortgages became significant in May, 1969.

Portfolio (3/72): \$106.7M net plus \$20.9 accum. depreciation. Holdings 66% (\$70.6M net) equity and 31% (\$33.2M) mtgs. Properties include 10 motor inns and lodges leased by Sheraton, Howard Johnson, Marriot and other chains or franchisees; five shopping center; three office bldgs. including Terminal Tower in Cleveland and three misc. Most are in the Midwest, others in the South.

Loss reserve: None.

Recent portfolio changes: Equity in first quarter '72 was little changed & increased \$2.75M in 1971. Miami Plaza office bldg. sold Apr. '72. Jointly owned shop. center (w. Forest City Ent.) to open 537T sf. first phase Aug. '72 near Buffalo. Joint apt. in Denver near.

Capitalization (12/71): \$25.63M equity w. 3.25M sh. Debt: \$23.4M notes, \$14.3M deb. convt. at \$20.20. Sh. reserved: 706T for deb., 49T for options.

Recent financing: \$20M convt.debent. May, 1969. No public financing likely next 6 mon. but private debt \$25M possible.

Investment adviser: Mortgage Advisory Serv. for mtgs. only. Fee: 1% assets under \$50M, 0.75% for \$50-100M, 0.5% for \$100-200M, 0.25% over \$200M. Also, 25% of forfeited comm. fees.

Trustees & officers: Sheldon B. Gueren, pres.

Offices: 700 Terminal Tower, Cleveland, O. 44113. Phone: 216/696-8550.

Six month outlook: Some interesting equity ad-ditions will be made. Barring unusual payoffs, mtgs. should increase. Further profit gains expected. Cash flow paid out in dividends. (BS)



## REALTY INCOME TRUST (ASE-RIT)

Type: Equity &amp; mtg. combination. FY ends Apr. 30

## RANKINGS

|             | Assets   | Equity   | Port. Yield | Equity Ret. |
|-------------|----------|----------|-------------|-------------|
| Rank        | NA       | NA       | NA          | NA          |
| Amt. (4/72) | \$52.14M | \$18.99M | 9.29%       | 7.45%       |

Founding: Feb. 1, '62 as Sixty Real Estate Trust.Sponsorship: Independent & comcl. bank. Founded for Tetraxion tension funds; in March '71 Industrial National Corp., Rhode Island's largest bank, acquired 20% of sh. (300T sh.) & bank subsidiary became investment adviser.Investment objective: Emphasize subor. equity financing & try to balance higher-risk, higher-yield subor. investments w. lower-risk investments providing liquidity.Portfolio (4/72): \$48.29M net plus \$1.21M accum. depreciation. Holdings 42.5% (\$20.58M) mtgs.; 57.5% (\$27.71M) equities. Mtgs. incl. \$7.10M first mtgs.; \$6.05M constr. & devel.; \$4.73M 2nd mtgs.; \$2.70M leasehold mtgs. Equities incl. \$18.79M land, \$10.02M bldgs. & improvements. Owns 1.96M sf. office, comcl. space; 1,200 apt. units; 4,650 undeveloped acres, 312 hotel rooms.Loss reserve (4/72): \$131,000 or 0.64% of mtgs.Recent portfolio changes: No properties delinquent @ 4/72 except: 1) interest on \$757T 2nd mtg. on El Tropicano Motor Hotel, San Antonio, waived for 1 yr. from July 6 '71 to let new owner renovate. 2) Interest on \$1.98M note to Galtex Land Co. waived for 1 yr. Galtex, Galveston lot seller, sought bankruptcy reorganization Oct. '71 and receiver released interest payments on lots to trust May '72. 3) A/o May 1, '72 "moratorium event" existed on trust's sale of 50% interest in 1,500 unimproved acres in San Diego to Amfac, Inc., caused by delay in securing constr. permits. Moratorium could prevent trust from realizing \$420T capital gain in FY '73. Hallcraft Homes, Phoenix, is taking up Amfac's purchase rights. Additional \$20M fundings planned by end of FY '73.Capitalization (4/72): \$18.99M equity w. 1.516M sh. Debt: \$1.95M unsecured demand notes, \$10.0M mtgs.; \$20.0M 8% subor. debent. convert. @ \$16.50 (higher after Nov. '76). Sh. reserved: 1.212M for debent., 81,000 for wts., options.Recent financings: Sold \$20.0M 8% subor. convert. debent. Nov. 11, '71 thru duPont Glore Forgan. Sold 300T sh. @ \$10/sh. to Indust. Nat. Mar. 25, '71. No financings likely next six mon.Investment adviser: Westminster Properties, sub. Indust. Nat. Fee equals 0.5% annually of trust equity plus incentive of 12% of ROE from 8% to 10% and 25% of ROE over 10%. Also wts. for up to 100T sh. if EPS growth exceeds 10% compound annual rate over 5 yr. J. Terrence Murray, pres.Trustees & officers: Royal Little, Chrm. (former chrm., Tetraxion); Ronald E. Kutrieb, pres.Offices: 40 Westminster St., Providence, R.I. 02903. Phone: 401/521-0760. Adviser: 85 Westminster St., Providence 02903. Phone: 401/278-6243.Six month outlook: Moderate yield if capital gains (\$0.28/sh.) unavailable. Recovery prospect on curing of problem loans. (KDC)

## U.S. BANCORP REALTY AND MTG. TRUST (OTC-USBKS)

Type: Equity and Mortgage combination

## RANKING

|         | Assets  | Equity  | Port. Yield | Equity Ret. |
|---------|---------|---------|-------------|-------------|
| Ranking | NA      | NA      | NA          | NA          |
| Amt.    | \$23.43 | \$10.93 | 9.32%       | NR          |

Founding: March 1, 1972 as an Oregon real estate trust.Sponsorship: Commercial bank and mortgage banker.

Two subsidiaries of U.S. Bancorp, the 38th largest U.S. bank and a mtg. banker, own 80% of adviser. Remaining 20% owned by another mtg. banker. Activities of the two Banco subs. concentrated in Northwest.

Investment objective: Over half of equity base committed to equity invest., the rest to constr. and devel. loans. Beyond initial invest., trust will stress leveraging equity base to make additional short term loans. Constr. and devel. loan policies essentially

conservative.

Portfolio: (6/72-initial) \$46.74M including funds about to be committed under initial investments. Holdings: 70% short term mortgages (\$32.6M) 30% (\$14.14M) equity. Mtgs. will break down \$27.75M construction loans and \$4.85M development. Most are in Northwest, a few in Hawaii and California. More geographic diversification planned. Equities include four industrial parks, 12 industrial bldgs. & nine office bldgs. and contain 129T sf. industrial space, 168 T sf. office space. Almost all properties in Oregon.Capitalization: \$10.93M equity w. 508T sh. Debt: \$12.5M 7% debentures convt. at \$26.25. Sh. reserved: 476T for debentures, 40T for warrants.Recent/financing: Initial offering sold 500T sh. @ \$25 together with \$12.5M convt. debentures May 4, 1972 through Goldman, Sachs. No financing believed in offering in 6 mon.Investment Adviser: Bancorp Mgmt. Advisers. Fee equals 1% of mtg. assets incl. unfunded closed loans and 0.5% of equity assets up to \$50M, 0.25% over \$50M. Also, incentive fee 10% of capital gains and 10% net cash flow over 8% ROE. Andrew Norris III, pres.Trustees & Officers: James F. Kavanagh, chrm. & pres. Dan Davis, trustee, equity investment.Offices: 309 S.W. Sixth Ave., Portland, Ore. 97204. Phone: 503/225-5691.Six month outlook: Comcl. bank relation helpful but lack of track record hinders assessment. (BS)

## USF INVESTORS (OTC-USFN)

Type: Equity &amp; mtg. combination. FY ends June 30

## RANK

|             | Assets   | Equity  | Port. Yield | Equity Ret. |
|-------------|----------|---------|-------------|-------------|
| Rank        | NA       | NA      | NA          | NA          |
| Amt. (3/72) | \$100.00 | \$58.78 | 11.75%      | 9.65%       |

Founding: June 29, 1971.Sponsorship: U.S. Financial, NYSE-listed homebuilding & financial services company.Investment objective: Invest in short-term (up to 36 mon.) real estate loans on nationwide basis.Portfolio (6/72): \$106.72M funded loans plus \$114.38M undisbursed portion of closed loans. Closed loans distributed: \$141.3M (63.7%) constr.; \$71.4M (32.5%) land devel.; \$5.4M land loans; \$3.0M existing structures. Of constr. loans, 37.3% in condominiums; 14.8% comcl.; 13.6% apts.; 11.9% shop. centers; 10.4% FHA-VA; 10.2% mobile home parks. Of constr. loans, 30% in Florida, 13.3% Calif.Loss reserve (3/72): \$205,000, or 0.23% of fundings. Will reserve 5% of income till reach 2% of fundings.Recent portfolio changes: About 24% of all commitments have some relation to US Financial. Independent trustees must approve all such loans. No loans past due a/o July '72. Fundings averaged \$18M/quar. during first yr. operations and mgmt. believes pace can be maintained. Regional offices maintained in Atlanta, Dallas, Miami, Washington, Chicago.Capitalization & financing (6/72): \$58.78M equity w. 2.50M sh. Debt: \$62.5M bank loans under \$98.5M credit lines (½ over prime plus compensating balances) from 31 banks. Maximum borrowing to 2-1 leverage ratio. Also 2.5M sh. reserved for wts. @ \$25/sh.Recent financings: Offered 2.5M sh. w. wts. June 22, '71 thru Goldman, Sachs and Shearson, Hammill. Recent growth rate indicates some financing possible next 6 mon.Investment adviser: USF Investment Managers, Inc. 91% owned by US Financial. Fee is 0.9% annually of invested assets incl. closed but undisbursed loans. No fee on land purchase/leasebacks except to extent trust receives part of gross rentals. Incentive fee of 10% of ROE over 8% plus 10% of net cap. gains. Pedrag Mitrovich is pres.Trustees & officers: R.H. Walter, chrm. (chrm. U.S. Fin.); Pedrag Mitrovich, pres.; C.C. Blakemore, treas.Offices: P.O. Box 866, Atlanta, Ga. 30301. Adviser: 602 C St., San Diego, Cal. 92101. Phone 714/236-1781.Six Month Outlook: Over 10% current yield plus continued investment growth favorable. Potential financing could limit share price gains; wt. exercise not expected. (KC)



## CABOT, CABOT &amp; FORBES LAND TRUST (ASE-CFT)

Type: Subordinated land. FY ends May 31.

## RANKINGS

| Rank        | Assets<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|-------------|--------------|--------------|-------------------|-------------------|
| Amt. (2/72) | \$69.85M     | \$50.03      | 12.06%            | 10.07%            |

Founding: Jan. 21'71 as a Massachusetts trust.Sponsorship: National real estate developer, Cabot, Cabot & Forbes Co.Investment objective: Equity interests in real estate beneath commercial, industrial & multi-family residential buildings. Investments in undeveloped land.Portfolio (5/72): \$80.00M as follows: 80% (\$64.00M) long-term invest.; 20% (\$16.00M) short-term invest. All long-term invest., more than 40, are land-purchase leasebacks while 11 short-term invest. are devel. loans used to provide leverage and future invest. Avg. fixed minimum yield on long-term is 10.67%. Of short-term, \$9.00M have avg. fixed minimum of 11.16% and \$7.00M are at 400 basis points over prime. Invest. are located in 25 states. Trust has commitments for 43 more invest.Recent portfolio changes: Trust, on June 7, had invest. commitments of \$42.8M to be funded in FY'73. Long-term invest. represent \$35.1M with a fixed minimum yield of 10.66%; short term invest. amount to \$4.3M with a fixed minimum yield of 10.70% and \$3.4M at rates avg. 420 points over prime.Capitalization (2/72): \$50.28M equity w. 2.538M sh. Debt: \$10.25M 8% senior notes due 1986; \$8.41M 6 3/4% convt. sub. deb. due 1991. Sh. reserved: 400T for debentures, 300T for wts. Credit line: \$30M @ prime w. 10 banks (Morgan, Chase Manhattan, Bank of N.Y., etc.).Recent financing: Offered 1.5M shares plus \$30M in convt. sub. deb. at \$200 per unit on April 2, 1971 thru Paine, Webber. Public offering in the next 6 mons. is likely depending upon market conditions. Form not determined.Investment adviser: CC&F Real Estate Trust Advisers, Inc., wholly-owned sub. of Cabot, Cabot & Forbes Inc. Fee is 1% annual rate of book value of invested assets (not incl. unfunded commitments). Incentive fee 10% of ROE over 8% and 10% of net cap. gains.Trustees & officers: Gerald W. Blakeley, Jr., chrm. (chrm. of adviser, pres. sponsor); Paul F. Hellmuth, pres. (pres. adviser); Gordon E. Emerson, Jr., mang. trustee. Messrs. Blakeley & Hellmuth principal owners of Cabot, Cabot & Forbes Co.Offices: One Boston Place, Boston, Mass. 02108. Phone: 617/742-7550.Six month outlook: Aggressive portfolio expansion provides longer-term gains potential. (VK)

## ICM REALTY (OTC-ICM)

Type: Subordinated land. FY ends Nov. 30

## RANKING

| Rank       | Assets<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|------------|--------------|--------------|-------------------|-------------------|
| Amt (5/72) | \$63.81      | \$62.48      | 11.96%            | 8.17%             |

Founding: Successor to three trusts (First, Second, Third ICM Realty) founded March '68, Jan. & July '69.Sponsorship: Independent. Investors Central Mgmt. Corp., invest. administrator, formed Jan. '56 to acquire and manage mtgs. for pension fund trustees and recently managed \$375M in mtg. portfolio.Investment objective: Hold portfolio of long-term realty invest. offering high fixed return w. potential for growth in both income and value.Portfolio (5/72): Real estate invest. of \$51.96M were 87.5% (or \$45.45M) subor. land leaseholds & 12.5% (\$ 6.51M) mtg. notes. Temporary invest. (incl. loans convt. to land ownership) \$11.35M. Land holdings incl. \$33.20M in 48 apt. projects w. 14,425 units; \$8.11M in 7 shop. centers; \$2.25M in other property. Also \$4.25M 2nd mtgs. convt. into land equities & \$2.86M ownership of Vestal Plaza, 209T sf. mall center in Binghamton,

N.Y. suburb. Invest. subor. to approx. \$213.63M prior mtg. debt, or leverage ratio of 4.25-1. Most land leasebacks let trust share in 30%-35% of rent overages; 8 of 59 current invest. producing overages.

Recent portfolio changes: In 6 mon. to 5/72, made \$18.4M new invest. w. Dec.'72 offering proceeds. Major additions: \$7.0M (half in land, half jr. convt. mtg.) in Springfield Mall, south of Washington; \$2.6M Hampton Plaza, Towson, Md. office-apt.-comcl. complex; \$2.86M to acquire Vestal Plaza.Capitalization (5/72): \$62.48M equity w. 3.011M sh. Debt: \$1.04M mtg. payable. Revolving credit & term loan up to \$20M estab. early '72.Financings: Offered 1.00M sh. @ \$23 thru Loeb, Rhoades; December 22, 1971. Prior equity subscribed by pension funds managed by trust depts of large comcl. banks. A/o Mar. 30, '72 Irving Trust, First Nat. City Bank, Mfgs. Hanover Trust, all N.Y.C., owned of record 51.6% of sh. as trustee or agent. No financing likely next 6 mon.Investment administrator: Investors Central Mgmt., owned by some of original founding mtg. bankers. Fee: paid quarterly at 0.5% annual rate on net book asset value, plus incentive of 5% of all percentage rent & other income, plus 2.5% acquisition fee of net book asset value of new long-term invest. Fees reduced by amounts received by ICM from third parties.Trustees & officers: Arthur W. Viner, mang. trustee (pres. invest. admin.).Offices: 600 Third Ave., New York 10016. Phone: 212/986-5640.Six month outlook: Apt. market weakness may restrain share prices but dividend (7.7%) adequate for long term holders. (KDC)

## PROPERTY CAPITAL TRUST (OTC-PROPS)

Type: Subordinated land. FY ends July 31

## RANKING

| Rank        | Asset<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|-------------|-------------|--------------|-------------------|-------------------|
| Amt. (4/72) | \$58.44M    | \$28.68M     | 11.16%            | 11.29%            |

Founding: June 1969 as a privately placed trust.Sponsorship: Independent.Investment objective: Long-term real estate invest., usually in the form of institutionalized subor. financing such as land leasebacks or mtgs.Portfolio (4/72): \$55.13M as follows: 47% (\$26.14M) land leasebacks; 34% (\$18.51M) long-term mtgs.; 19% (\$10.38M) short-term mtgs. Avg. base rate is 11.4% for leasebacks, 11.5% for long-term mtgs., 8.3% for short-term mtgs.; weighted avg. 10.8%. Commitments \$37.80M, nearly all long-term. Of total invest. & commitments, 25% in Great Lakes states, 19% Far West, 18% Southwest, 15% New England. By type: 51% office bldgs. & parks; 27% apts. 12% retail & shop. centers. Land invest. generally provide overage payments; 8 of 45 current invest. in overage.Loss reserve (4/72): \$256T or 0.89% of mtg. invest.Recent portfolio changes: Thru May '72 acquired land leaseholds totaling \$5.35M on 308T sf. Los Angeles Airport Imperial Complex & 350T sf. Sunshine Mall, Clearwater, Fla. In March '72 aided Cleveland investors Benjamin Cappadora & Michael Miller to acquire assets of Shaker Properties, a real estate trust.Capitalization (4/72): \$28.68M equity w. 2.065M sh. Debt: \$18.0M 6 1/2% sr. notes due 1990, & \$10.91M demand notes payable to banks. Credit line: \$22.0M from 8 banks @ prime rate plus comp. balances. Sr. notes placed privately to original shareholders w. establishment of trust. Of sh., 750T registered, 1.315M (67%) non-registered. Major holders of record: Morgan Guaranty Trust Co., as trustee, 20.3%; Conn. Genl. Life, 9.7%; Gen. Electric Pension Trust, 7.8%; Schmidt & Co. as nominee, 7.7%.



**Financings:** Offered 750T sh. @ \$21/sh. July 14, '71 thru White, Weld. Present funding & commitment rate indicates new financing in 6-12 mon.

**Investment adviser:** Property Capital Advisors, Inc., formed @ July '71 offering. Fee: 1% of invested assets to \$100M, 0.9% from \$100M to \$200M; 0.85% over \$200M. Base incl. undisbursed portion of closed loans. Incentive fee of 10% of ROE over 9% & 10% of net capital gains. Adviser owned by four principal officers: John A. Cervieri, Jr., pres.; Ronald A. Warren & S. Douglas Weil, v.p., & Robert M. Armstrong, Treas. Adviser officers own 81,265 (4%) of trust sh.

**Trustees & officers:** John A. Cervieri, Jr., mang. trustee.

**Offices:** Three Center Plaza, Boston, Mass. 02108. Phone: 617/742-9430.

**Six month outlook:** Shares should benefit from continued earnings gains & are for aggressive accounts. (KC)

#### FIRST VIRGINIA MORTGAGE AND REIT (OTC-FVMTS)

Type: Intermediate term. FY ends June 30.

##### RANKINGS

|      | Assets | Equity | Port. Yield | Equity Ret. |
|------|--------|--------|-------------|-------------|
| Rank | NA     | NA     | NA          | NA          |
| Amt. | \$29.6 | \$29.6 | 10.0%       | NA          |

**Founding:** Mar. 20, 1972 as Virginia real estate trust.

**Sponsorship:** Commercial bank and mtg. banker, thru two subs. of First Bankshares. The bank is 6th largest in Virginia. The mtg. banker originated \$38M of \$45M initial investments.

**Investment objective:** Primary emphasis will be intermediate term (3-10 yrs) and constr. & devel. loans. Many const. loans will be taken out by the trust as intermediates and longs.

**Portfolio (planned):** \$23.07M short mtgs., \$22.13M intermed. & long mtgs. Total \$21M funded at 7/31. Mix of fixed interest and loans w. participations. Properties are residential, commer., indust. Location mainly in Virginia and rest of South Atlantic. Loans are medium sized.

**Capitalization (5/72):** \$29.6M equity w. 1.2M sh. Credit lines for \$25M. Sh. reserved: 1.2M for wts. Recent financing, initial: 1.2M units w. sh. and wt. at \$25 for \$25/unit, May, 1972 through Goldman, Sachs. Bank lines for \$25M at prime w. normal comp. balances.

**Investment adviser:** First Advisors, subsidiary of mtg. banker sub. First Va. Bankshares. Fee: 1% of invested assets & incentive: 10% capital gains, 10% over 8% ROE. William Darter, Jr., pres.

**Trustees & Officers:** Ralph Beeton, chrm.

**Offices:** 6400 Arlington Blvd., Falls Church, Fairfax County, Va. Phone: 703/241-4000.

**Six month outlook:** Alliance with successful, aggressive regional bank and mtg. banker should be helpful. Time required for participations. No record. (BS)

#### DIVERSIFIED MORTGAGE INVESTORS (NYSE-DMG)

Type: Intermediate-term mtg. FY ends Dec.31

##### RANKINGS

|             | Assets    | Equity    | Port. Yield | Equity Ret. |
|-------------|-----------|-----------|-------------|-------------|
| Rank        | NA        | NA        | NA          | NA          |
| Amt. (6/72) | \$217.49M | \$145.92M | 13.24%      | 13.15%      |

**Founding:** July 14, '69 as a Massachusetts trust.

**Sponsorship:** Independent. Principal officers initially connected with Continental Mortgage Investors, largest short-term mtg. trust. Adviser is sub. of Continental Investment Corp.

**Investment objective:** Intermediate-term mtg. lending in four areas: short and long-term mtgs. on income property; undeveloped land; recreational home and home-site mtgs.; joint financing of residential units w. other institutional lenders w. loans insured by private mtg. insurance.

**Portfolio (6/72):** \$209.86M before \$5.13M unearned mtg. discounts & allowance for losses. Of funded loans

\$113.61M (54.3%) mature in less than 3 yrs.; \$66.52M (31.4%) in 3-10 yrs.; remainder over 10 yrs. Of \$182.21M unfunded commitments, \$42.92M (23.5%) mature below 3 yrs.; \$99.39M (54.5%) in 3-10 yrs., remainder over 10 yrs.

**Loss reserve (6/72):** \$2.164M or 1.03% of mtgs.

**Capitalization (6/72):** \$145.92M w. 7.294M sh. Debt: \$62.96M unsecured notes payable; \$2.59M. subor. debent. convt. @ \$23/sh. Sh. reserved: 113T for debent. conversion.

**Financings:** Initial offering of 4.0M sh. and \$50.0M 6% subor. convert. debent. Sept. 16, '69 thru Hornblower & Weeks-Hemphill, Noyes. No financing likely next 6 mon.

**Dividend reinvestment:** Avail. thru trust dividend disbursement agent, Bankers Trust, NYC. Dividends used to purchase shares @ mkt.; 1,250 holders participate a/o July 10, '72.

**Accounting:** In 1971 trust began recognizing commitment fees as income when earned & received. Effect increased FY'71 earnings by \$0.12 (or 5.1%) from \$2.36 to \$2.44/sh. primary & from \$2.33 to \$2.40 diluted.

**Investment adviser:** Diversified Advisers, Inc., sub. of Continental Investment Corp., diversified mutual fund, investment counseling and mtg. insurance company. Fee: 1% annual rate of invested assets, incl. undisbursed portions of closed loans. Incentive fee of 10% of ROE over 10% and 10% of gross capital gains.

**Trustees & officers:** Ray C. Wilson, former mtg. executive for Amer. Nat. Insur., replaced Durand A. Holladay as chrm. & mang. trustee Sept. 1, '72.

**Offices:** Trust: 100 Federal St., Boston, Mass. 02110. Phone: 617/482-5484. Adviser: 4601 Ponce de Leon, Box 2195, Coral Gables, Fla. 33134. Phone: 305/667-4831.

**Six month outlook:** Moderate capital gains potential w. above-average (10.0%) est. dividend. (KDC)

#### LARWIN REALTY AND MORTGAGE TRUST (ASE-LRM)

Type: Intermediate term mtg. FY ends Nov. 30

##### RANKINGS

|             | Assets   | Equity  | Port. Yield | Equity Ret. |
|-------------|----------|---------|-------------|-------------|
| Rank        | NA       | NA      | NA          | NA          |
| Amt. (5/72) | \$68.20M | \$67.23 | 8.5%        | 6.7%        |

**Founding:** Oct. 1, 1971 as Calif. real estate trust.

**Sponsorship:** The CNA Financial complex owning Larwin Group (homebuilders) and the 7th largest life insurance co. Also sponsor Larwin Mtg., short-term trust.

**Investment objective:** Intermed. term loans (10-15 yrs.) independently or as part package with sister trust. Fair yields are locked up plus participations in about half. Leveraging limited but still a factor.

**Portfolio (5/72):** \$23.0M mtgs., \$35.9M GNMA secur. Initial proceeds are being funded. Mix: 28% industrial, 25% office bldgs., 24% shopping centers and 14% apartments. Coverage is becoming more national, two more regional offices opened adding to four existing. Also gets some takeouts nationally from sister trust's short mtgs. Major loans, \$5.7M for two indust. complexes in Illinois, \$4.4M comcl. facility in Texas, \$3.3M office bldg. Miami, Fla.

**Capitalization (5/72):** \$67.23M equity w. 3.61M sh. Bank lines exist for \$21M @ 1/4% over prime with compen. balances. Sh. reserved: 3.61M for wts. Initial financing: 3.6M units at \$20 w. sh. and wt. @ \$20, thru duPont Glore Forgan Dec., 1971. No financing likely for long time.

**Investment adviser:** Larwin Realty Mgrs. sub. CNA Financial. Fee: 1% of assets plus undisbursed closed loans, also incentive 10% capital gains and 10% over 8% ROE. Frederic Gale, pres.

**Trustees and Officers:** Lawrence Weinberg, chrm.

**Offices:** 9100 Wilshire Blvd. Beverly Hills, Calif. 90212. Phone: 213/278-0860.

**Six month outlook:** Improved earnings are highly likely as permanent invest. are funded. Shs. have appreciation potential. (BS)



## MEDIAN MORTGAGE INVESTORS (OTC-MDMIS)

Type: Intermediate-term mtg. FY ends Oct. 31

## RANKINGS

| Rank       | Assets<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|------------|--------------|--------------|-------------------|-------------------|
| Amt.(4/72) | \$79.14M     | \$21.49M     | 11.38%            | 13.40%            |

Founding: Apr. 8'70 as a Massachusetts trust.Sponsorship: Independent founded by certain trustees and officers of First Mortgage Investors, oldest short-term mtg. trust.Investment objective: First mtg. loans of three to 10 years maturity on income producing real estate and land acquisition.Portfolio (4/72): \$72.26M real estate invest. as follows: 53% (\$38.37M) income producing property loans; 27% (\$19.82M) land acquisition loans; 15% (\$10.65M) wrap-around mtg. loans; 3% (\$2.25M) land purchase leaseback; 2% (\$1.30M) 2nd mtg. loans. No. of invest. in each category are: 23 income producing property loans; 23 land acquisition loans; 8 wrap-around mtg. loans; 2 junior mtg. loans; 1 land purchase/leaseback.Loss reserve (4/72): \$132T or 0.18% of real estate invest.Recent portfolio changes: Mtg. portfolio gains avg. \$15M/quarter for two quarters thru 4/72.Capitalization (4/72): \$22.52 equity w. 2.055M sh. Debt: \$21.79M notes payable to banks; \$2.28M 7% debentures due 1981; \$10M 7½% convt. subor. deb. due 1992 convt. at \$13.50; \$2.28M 7½% convt. subor. deb. due 1990 convt. at \$10.00. Sh. reserved would add 107% (total 2.209M sh.) to present sh. outstanding, as follows: 1.20M sh. for wts., 741T sh. and 228T sh. for convt. debts.Financing: Offered \$10M of 7½% convt. subor. debts. due 1992 convt. at \$13.50 on May 23, 1972 thru Eastman Dillon, Paine, Webber and F. Eberstadt. At the end of July '72 closed \$20M five-year term loan with a group of banks including: First Nat'l. Bank of Chicago (\$10M); Phila. Nat'l. Bank (\$5M); Marine Midland-N.Y. (\$3M); Nat'l. Bank of N.A., N.Y. (\$2M). No public financing planned next 6 mon.Investment adviser: Median Mtg. Advisory Corp. wholly-owned subsidiary of First Realty Invest. Corp. which helped found the trust. Fee is 1% annual rate of book value of invested assets (excl. unfunded commitments) plus 10% of net real cap. gains and 10% of ROE over 9% (after unamort. debt discount).Trustees & officers: Jack R. Courshon, chrm. (chrm. Median Mtg. Advisory Corp.); S.J. Magenheimer, trustee (pres. Median Mtg. Advisory Corp.).Offices: Trust: 30 Federal St., Boston, Mass. 02110. Phone: 617/542-7787. Adviser: 801 41st St., Miami Beach, Fla. 33140. Phone: 305/532-7361.Six mon. outlook: Experienced management & small base aids potentials; overhanging issue of 2.2M sh. could retard share prices. (VK)

## REALTY REFUND TRUST (OTC-RREFS)

Type: Intermediate, refinancing. FY ends Jan. 31

## RANKINGS

| Rank       | Assets<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|------------|--------------|--------------|-------------------|-------------------|
| Amt.(4/72) | \$21.16      | \$19.08      | 12%               | 9.7%              |

Founding: April 28, 1971 as Ohio real estate trust.Sponsorship: Independent.Investment objective: Refinance first mtgs. on existing properties for periods co-terminus w. first mtgs. (7-15 yrs.) and obtain high yields w. limited risk.Portfolio (5/72): \$23.5M loaned on 20 properties in 9 states. Major properties, 11 apartment devel., 2 large office bldgs. and closed mall shopping center. Includes Insurance Exchange and Carbon & Carbide Bldgs. in Chicago. Activity mostly in Midwest, also in Mid-Atlantic and Fla. Geographic diversification likely to increase. Additional financings available pending fundings from planned financing.Capitalization (4/72): \$19.1M equity w. 1.03M sh. Debt: bank line of \$10M, \$3.7M taken down. Intends to

use only \$6 of line as temporary short borrowing vs. long lending. Sh. reserved: 1.03M for wts. @ \$20 would add 100% to sh. Private financing sought, flexible form and terms.

Initial financing: 1M sh. w. wt. @ \$20. in June, 1971 thru McDonald.Investment adviser: ReaFund Advisors. Fee: 1% of invested assets plus closed loans. Incentive, 10% net over 8% ROE, 10% capital gains and 15% forfeited comm. fees.Trustees & Officers: Alfred Lerner, pres. adviser; chrm., treas. trust.Offices: 402 Capital Natl. Bank Bldg., 1101 Euclid Ave., Cleveland, O. 44115. Phone: 216/771-4440.Six month outlook: Modest growth pending new financing. Fair invest. potential. (BS)

## SECURITY MORTGAGE INVESTORS (ASE-SMO)

Type: Intermediate-term mtg. FY ends Sept. 30

## RANKING

| Rank       | Assets<br>NA | Equity<br>NA | Port. Yield<br>NA | Equity Ret.<br>NA |
|------------|--------------|--------------|-------------------|-------------------|
| Amt.(6/72) | \$166.2M     | \$72.56M     | NR                | NR                |

Founding: July 19, '68 as Massachusetts trust.

Medical Mortgage Investors merged into trust May 2, '72.

Sponsorship: Independent. Adviser owned 4/7 by sub. of Smith, Barney & Co., securities firm, and 1/7 each by North American Acceptance, sub. of Alpha-Omega Corp.; American Medicorp., hospital mgmt. co.; & General Electric Credit Corp.Investment objective: Stress medium & long term invest. primarily in 2nd mtgs. on private homes for improvements & possible consumer purchases; invest. in hospitals & medical facilities, both equity & mtg.Portfolio (6/72): Mtg. portfolio of \$15.8M composed approx. 22.8% (or \$34.8M) hospital & medical bldg. from Medical Mtg.; 39.8% (\$60.8M) piggyback 2nd mtgs. on homes from GECC; 23.8% (\$36.4M) 2nd home improvement mtgs. from old Security; 13.6% (\$20.8M) additional home improvement loans from N.Amer. Acceptance. Land holdings \$2.09M.Recent portfolio changes: Amalgamation of portfolios from old Security, old Medical & General Electric Credit changed trust character. Approx. \$30M new commitments generated since merger.Capitalization (6/72): Equity of \$72.56M w. 6.74M sh. Debt: \$27.0M bank loans, \$50.0M 7½% debent.; \$0.88M 5 7/8% subor. debent. convert. @ \$12/sh.; \$20.0M 6% subor. debent. due 1982. Sh. reserved: 1.00M for wt. exercise (6% debts. can be used to exercise) & 73,588 sh. for convt. debts. Bank lines \$64.5M @ ½% over prime with compensating balances.Recent financing: Offered \$50M 7½% debent. due 1982, 1.0M sh. & 1.0M wts. to buy sh. @ \$16 May 3, '72 thru Smith, Barney in units of \$250 debent., 5 sh. & 5 wts. @ \$337/unit. Shares sold for account of North Amer. Acceptance. Wts. expire May '79. No financings expected next 6 mon.Investment manager: Semorco, Inc., voting stock ownership shown under "Sponsorship." Sr. pfd. stock of manager held by Smith, Barney sub., which receives pfd. dividends of \$100,000 yr. plus additional amounts. Base mgmt. fee: 0.5% annual rate of mtg. & real estate invest., mtg.-backed securities. Incentive fee of 0.6% annual rate on above assets for each \$0.01 of EPS from \$1.25 to \$1.75 and 0.4% from \$1.76 to \$2.50 EPS.Trustees & officers: John H.R. Blum, pres. of trust & manager; Leonard Amsterdam & William I. Segal, sr. v.p. in Bala Cynwyd & Atlanta respectively.Offices: Manager: 45 Rockefeller Plaza, New York 10020. Phone: 212/757-9112 Barclay Bldg., Bala Cynwyd, Pa. 19004. Phone: 215/667-3347; 1718 Peachtree Rd., Atlanta, Ga. 30309. Phone: 404/876-7581.Six month outlook: Speculative appeal for earnings gains and additional strength from merger. (KDC)